



## 97TH GENERAL ASSEMBLY

### State of Illinois

2011 and 2012

HB3460

Introduced 2/24/2011, by Rep. JoAnn D. Osmond

#### SYNOPSIS AS INTRODUCED:

35 ILCS 200/15-175  
35 ILCS 200/15-176

Amends the Property Tax Code. Provides that, when the general homestead exemption applies in counties with less than 3,000,000 inhabitants, the exemption shall automatically apply to the new homeowner if the property is sold. Removes a requirement in a Section concerning the alternative general homestead exemption that the assessor may require the new owner of the property to apply for the exemption in the following year if the property is sold.

LRB097 09249 HLH 49384 b

FISCAL NOTE ACT  
MAY APPLY

HOUSING  
AFFORDABILITY  
IMPACT NOTE ACT  
MAY APPLY

1 AN ACT concerning revenue.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The Property Tax Code is amended by changing  
5 Sections 15-175 and 15-176 as follows:

6 (35 ILCS 200/15-175)

7 Sec. 15-175. General homestead exemption. Except as  
8 provided in Sections 15-176 and 15-177, homestead property is  
9 entitled to an annual homestead exemption limited, except as  
10 described here with relation to cooperatives, to a reduction in  
11 the equalized assessed value of homestead property equal to the  
12 increase in equalized assessed value for the current assessment  
13 year above the equalized assessed value of the property for  
14 1977, up to the maximum reduction set forth below. If however,  
15 the 1977 equalized assessed value upon which taxes were paid is  
16 subsequently determined by local assessing officials, the  
17 Property Tax Appeal Board, or a court to have been excessive,  
18 the equalized assessed value which should have been placed on  
19 the property for 1977 shall be used to determine the amount of  
20 the exemption.

21 Except as provided in Section 15-176, the maximum reduction  
22 before taxable year 2004 shall be \$4,500 in counties with  
23 3,000,000 or more inhabitants and \$3,500 in all other counties.

1 Except as provided in Sections 15-176 and 15-177, for taxable  
2 years 2004 through 2007, the maximum reduction shall be \$5,000,  
3 for taxable year 2008, the maximum reduction is \$5,500, and,  
4 for taxable years 2009 and thereafter, the maximum reduction is  
5 \$6,000 in all counties. If a county has elected to subject  
6 itself to the provisions of Section 15-176 as provided in  
7 subsection (k) of that Section, then, for the first taxable  
8 year only after the provisions of Section 15-176 no longer  
9 apply, for owners who, for the taxable year, have not been  
10 granted a senior citizens assessment freeze homestead  
11 exemption under Section 15-172 or a long-time occupant  
12 homestead exemption under Section 15-177, there shall be an  
13 additional exemption of \$5,000 for owners with a household  
14 income of \$30,000 or less.

15 In counties with fewer than 3,000,000 inhabitants, if,  
16 based on the most recent assessment, the equalized assessed  
17 value of the homestead property for the current assessment year  
18 is greater than the equalized assessed value of the property  
19 for 1977, the owner of the property shall automatically receive  
20 the exemption granted under this Section in an amount equal to  
21 the increase over the 1977 assessment up to the maximum  
22 reduction set forth in this Section.

23 If in any assessment year beginning with the 2000  
24 assessment year, homestead property has a pro-rata valuation  
25 under Section 9-180 resulting in an increase in the assessed  
26 valuation, a reduction in equalized assessed valuation equal to

1 the increase in equalized assessed value of the property for  
2 the year of the pro-rata valuation above the equalized assessed  
3 value of the property for 1977 shall be applied to the property  
4 on a proportionate basis for the period the property qualified  
5 as homestead property during the assessment year. The maximum  
6 proportionate homestead exemption shall not exceed the maximum  
7 homestead exemption allowed in the county under this Section  
8 divided by 365 and multiplied by the number of days the  
9 property qualified as homestead property.

10 "Homestead property" under this Section includes  
11 residential property that is occupied by its owner or owners as  
12 his or their principal dwelling place, or that is a leasehold  
13 interest on which a single family residence is situated, which  
14 is occupied as a residence by a person who has an ownership  
15 interest therein, legal or equitable or as a lessee, and on  
16 which the person is liable for the payment of property taxes.  
17 For land improved with an apartment building owned and operated  
18 as a cooperative or a building which is a life care facility as  
19 defined in Section 15-170 and considered to be a cooperative  
20 under Section 15-170, the maximum reduction from the equalized  
21 assessed value shall be limited to the increase in the value  
22 above the equalized assessed value of the property for 1977, up  
23 to the maximum reduction set forth above, multiplied by the  
24 number of apartments or units occupied by a person or persons  
25 who is liable, by contract with the owner or owners of record,  
26 for paying property taxes on the property and is an owner of

1 record of a legal or equitable interest in the cooperative  
2 apartment building, other than a leasehold interest. For  
3 purposes of this Section, the term "life care facility" has the  
4 meaning stated in Section 15-170.

5 "Household", as used in this Section, means the owner, the  
6 spouse of the owner, and all persons using the residence of the  
7 owner as their principal place of residence.

8 "Household income", as used in this Section, means the  
9 combined income of the members of a household for the calendar  
10 year preceding the taxable year.

11 "Income", as used in this Section, has the same meaning as  
12 provided in Section 3.07 of the Senior Citizens and Disabled  
13 Persons Property Tax Relief and Pharmaceutical Assistance Act,  
14 except that "income" does not include veteran's benefits.

15 In a cooperative where a homestead exemption has been  
16 granted, the cooperative association or its management firm  
17 shall credit the savings resulting from that exemption only to  
18 the apportioned tax liability of the owner who qualified for  
19 the exemption. Any person who willfully refuses to so credit  
20 the savings shall be guilty of a Class B misdemeanor.

21 Where married persons maintain and reside in separate  
22 residences qualifying as homestead property, each residence  
23 shall receive 50% of the total reduction in equalized assessed  
24 valuation provided by this Section.

25 In all counties, the assessor or chief county assessment  
26 officer may determine the eligibility of residential property

1 to receive the homestead exemption and the amount of the  
2 exemption by application, visual inspection, questionnaire or  
3 other reasonable methods. The determination shall be made in  
4 accordance with guidelines established by the Department,  
5 provided that the taxpayer applying for an additional general  
6 exemption under this Section shall submit to the chief county  
7 assessment officer an application with an affidavit of the  
8 applicant's total household income, age, marital status (and,  
9 if married, the name and address of the applicant's spouse, if  
10 known), and principal dwelling place of members of the  
11 household on January 1 of the taxable year. The Department  
12 shall issue guidelines establishing a method for verifying the  
13 accuracy of the affidavits filed by applicants under this  
14 paragraph. The applications shall be clearly marked as  
15 applications for the Additional General Homestead Exemption.

16 In counties with fewer than 3,000,000 inhabitants, in the  
17 event of a sale of homestead property the homestead exemption  
18 shall remain in effect for the remainder of the assessment year  
19 of the sale. The assessor or chief county assessment officer  
20 may require the new owner of the property to apply for the  
21 homestead exemption for the following assessment year. In  
22 counties with 3,000,000 or more inhabitants, the exemption  
23 under this Section shall automatically apply to the new  
24 homeowner if the property is sold.

25 Notwithstanding Sections 6 and 8 of the State Mandates Act,  
26 no reimbursement by the State is required for the

1 implementation of any mandate created by this Section.

2 (Source: P.A. 95-644, eff. 10-12-07.)

3 (35 ILCS 200/15-176)

4 Sec. 15-176. Alternative general homestead exemption.

5 (a) For the assessment years as determined under subsection  
6 (j), in any county that has elected, by an ordinance in  
7 accordance with subsection (k), to be subject to the provisions  
8 of this Section in lieu of the provisions of Section 15-175,  
9 homestead property is entitled to an annual homestead exemption  
10 equal to a reduction in the property's equalized assessed value  
11 calculated as provided in this Section.

12 (b) As used in this Section:

13 (1) "Assessor" means the supervisor of assessments or  
14 the chief county assessment officer of each county.

15 (2) "Adjusted homestead value" means the lesser of the  
16 following values:

17 (A) The property's base homestead value increased  
18 by 7% for each tax year after the base year through and  
19 including the current tax year, or, if the property is  
20 sold or ownership is otherwise transferred, the  
21 property's base homestead value increased by 7% for  
22 each tax year after the year of the sale or transfer  
23 through and including the current tax year. The  
24 increase by 7% each year is an increase by 7% over the  
25 prior year.

1 (B) The property's equalized assessed value for  
2 the current tax year minus: (i) \$4,500 in Cook County  
3 or \$3,500 in all other counties in tax year 2003; (ii)  
4 \$5,000 in all counties in tax years 2004 and 2005; and  
5 (iii) the lesser of the amount of the general homestead  
6 exemption under Section 15-175 or an amount equal to  
7 the increase in the equalized assessed value for the  
8 current tax year above the equalized assessed value for  
9 1977 in tax year 2006 and thereafter.

10 (3) "Base homestead value".

11 (A) Except as provided in subdivision (b) (3) (A-5)  
12 or (b) (3) (B), "base homestead value" means the  
13 equalized assessed value of the property for the base  
14 year prior to exemptions, minus (i) \$4,500 in Cook  
15 County or \$3,500 in all other counties in tax year  
16 2003, (ii) \$5,000 in all counties in tax years 2004 and  
17 2005, or (iii) the lesser of the amount of the general  
18 homestead exemption under Section 15-175 or an amount  
19 equal to the increase in the equalized assessed value  
20 for the current tax year above the equalized assessed  
21 value for 1977 in tax year 2006 and thereafter,  
22 provided that it was assessed for that year as  
23 residential property qualified for any of the  
24 homestead exemptions under Sections 15-170 through  
25 15-175 of this Code, then in force, and further  
26 provided that the property's assessment was not based

1 on a reduced assessed value resulting from a temporary  
2 irregularity in the property for that year. Except as  
3 provided in subdivision (b) (3) (B), if the property did  
4 not have a residential equalized assessed value for the  
5 base year, then "base homestead value" means the base  
6 homestead value established by the assessor under  
7 subsection (c).

8 (A-5) On or before September 1, 2007, in Cook  
9 County, the base homestead value, as set forth under  
10 subdivision (b) (3) (A) and except as provided under  
11 subdivision (b) (3) (B), must be recalculated as the  
12 equalized assessed value of the property for the base  
13 year, prior to exemptions, minus:

14 (1) if the general assessment year for the  
15 property was 2003, the lesser of (i) \$4,500 or (ii)  
16 the amount equal to the increase in equalized  
17 assessed value for the 2002 tax year above the  
18 equalized assessed value for 1977;

19 (2) if the general assessment year for the  
20 property was 2004, the lesser of (i) \$4,500 or (ii)  
21 the amount equal to the increase in equalized  
22 assessed value for the 2003 tax year above the  
23 equalized assessed value for 1977;

24 (3) if the general assessment year for the  
25 property was 2005, the lesser of (i) \$5,000 or (ii)  
26 the amount equal to the increase in equalized

1           assessed value for the 2004 tax year above the  
2           equalized assessed value for 1977.

3           (B) If the property is sold or ownership is  
4           otherwise transferred, other than sales or transfers  
5           between spouses or between a parent and a child, "base  
6           homestead value" means the equalized assessed value of  
7           the property at the time of the sale or transfer prior  
8           to exemptions, minus: (i) \$4,500 in Cook County or  
9           \$3,500 in all other counties in tax year 2003; (ii)  
10          \$5,000 in all counties in tax years 2004 and 2005; and  
11          (iii) the lesser of the amount of the general homestead  
12          exemption under Section 15-175 or an amount equal to  
13          the increase in the equalized assessed value for the  
14          current tax year above the equalized assessed value for  
15          1977 in tax year 2006 and thereafter, provided that it  
16          was assessed as residential property qualified for any  
17          of the homestead exemptions under Sections 15-170  
18          through 15-175 of this Code, then in force, and further  
19          provided that the property's assessment was not based  
20          on a reduced assessed value resulting from a temporary  
21          irregularity in the property.

22          (3.5) "Base year" means (i) tax year 2002 in Cook  
23          County or (ii) tax year 2008 or 2009 in all other counties  
24          in accordance with the designation made by the county as  
25          provided in subsection (k).

26          (4) "Current tax year" means the tax year for which the

1 exemption under this Section is being applied.

2 (5) "Equalized assessed value" means the property's  
3 assessed value as equalized by the Department.

4 (6) "Homestead" or "homestead property" means:

5 (A) Residential property that as of January 1 of  
6 the tax year is occupied by its owner or owners as his,  
7 her, or their principal dwelling place, or that is a  
8 leasehold interest on which a single family residence  
9 is situated, that is occupied as a residence by a  
10 person who has a legal or equitable interest therein  
11 evidenced by a written instrument, as an owner or as a  
12 lessee, and on which the person is liable for the  
13 payment of property taxes. Residential units in an  
14 apartment building owned and operated as a  
15 cooperative, or as a life care facility, which are  
16 occupied by persons who hold a legal or equitable  
17 interest in the cooperative apartment building or life  
18 care facility as owners or lessees, and who are liable  
19 by contract for the payment of property taxes, shall be  
20 included within this definition of homestead property.

21 (B) A homestead includes the dwelling place,  
22 appurtenant structures, and so much of the surrounding  
23 land constituting the parcel on which the dwelling  
24 place is situated as is used for residential purposes.  
25 If the assessor has established a specific legal  
26 description for a portion of property constituting the

1           homestead, then the homestead shall be limited to the  
2           property within that description.

3           (7) "Life care facility" means a facility as defined in  
4           Section 2 of the Life Care Facilities Act.

5           (c) If the property did not have a residential equalized  
6           assessed value for the base year as provided in subdivision  
7           (b) (3) (A) of this Section, then the assessor shall first  
8           determine an initial value for the property by comparison with  
9           assessed values for the base year of other properties having  
10          physical and economic characteristics similar to those of the  
11          subject property, so that the initial value is uniform in  
12          relation to assessed values of those other properties for the  
13          base year. The product of the initial value multiplied by the  
14          equalized factor for the base year for homestead properties in  
15          that county, less: (i) \$4,500 in Cook County or \$3,500 in all  
16          other counties in tax years 2003; (ii) \$5,000 in all counties  
17          in tax year 2004 and 2005; and (iii) the lesser of the amount  
18          of the general homestead exemption under Section 15-175 or an  
19          amount equal to the increase in the equalized assessed value  
20          for the current tax year above the equalized assessed value for  
21          1977 in tax year 2006 and thereafter, is the base homestead  
22          value.

23          For any tax year for which the assessor determines or  
24          adjusts an initial value and hence a base homestead value under  
25          this subsection (c), the initial value shall be subject to  
26          review by the same procedures applicable to assessed values

1 established under this Code for that tax year.

2 (d) The base homestead value shall remain constant, except  
3 that the assessor may revise it under the following  
4 circumstances:

5 (1) If the equalized assessed value of a homestead  
6 property for the current tax year is less than the previous  
7 base homestead value for that property, then the current  
8 equalized assessed value (provided it is not based on a  
9 reduced assessed value resulting from a temporary  
10 irregularity in the property) shall become the base  
11 homestead value in subsequent tax years.

12 (2) For any year in which new buildings, structures, or  
13 other improvements are constructed on the homestead  
14 property that would increase its assessed value, the  
15 assessor shall adjust the base homestead value as provided  
16 in subsection (c) of this Section with due regard to the  
17 value added by the new improvements.

18 (3) If the property is sold or ownership is otherwise  
19 transferred, the base homestead value of the property shall  
20 be adjusted as provided in subdivision (b) (3) (B). This item  
21 (3) does not apply to sales or transfers between spouses or  
22 between a parent and a child.

23 (4) the recalculation required in Cook County under  
24 subdivision (b) (3) (A-5).

25 (e) The amount of the exemption under this Section is the  
26 equalized assessed value of the homestead property for the

1 current tax year, minus the adjusted homestead value, with the  
2 following exceptions:

3 (1) In Cook County, the exemption under this Section  
4 shall not exceed \$20,000 for any taxable year through tax  
5 year:

6 (i) 2005, if the general assessment year for the  
7 property is 2003;

8 (ii) 2006, if the general assessment year for the  
9 property is 2004; or

10 (iii) 2007, if the general assessment year for the  
11 property is 2005.

12 (1.1) Thereafter, in Cook County, and in all other  
13 counties, the exemption is as follows:

14 (i) if the general assessment year for the property  
15 is 2006, then the exemption may not exceed: \$33,000 for  
16 taxable year 2006; \$26,000 for taxable year 2007;  
17 \$20,000 for taxable years 2008 and 2009; \$16,000 for  
18 taxable year 2010; and \$12,000 for taxable year 2011;

19 (ii) if the general assessment year for the  
20 property is 2007, then the exemption may not exceed:  
21 \$33,000 for taxable year 2007; \$26,000 for taxable year  
22 2008; \$20,000 for taxable years 2009 and 2010; \$16,000  
23 for taxable year 2011; and \$12,000 for taxable year  
24 2012; and

25 (iii) if the general assessment year for the  
26 property is 2008, then the exemption may not exceed:

1           \$33,000 for taxable year 2008; \$26,000 for taxable year  
2           2009; \$20,000 for taxable years 2010 and 2011; \$16,000  
3           for taxable year 2012; and \$12,000 for taxable year  
4           2013.

5           (1.5) In Cook County, for the 2006 taxable year only, the  
6           maximum amount of the exemption set forth under subsection  
7           (e) (1.1) (i) of this Section may be increased: (i) by \$7,000 if  
8           the equalized assessed value of the property in that taxable  
9           year exceeds the equalized assessed value of that property in  
10          2002 by 100% or more; or (ii) by \$2,000 if the equalized  
11          assessed value of the property in that taxable year exceeds the  
12          equalized assessed value of that property in 2002 by more than  
13          80% but less than 100%.

14          (2) In the case of homestead property that also  
15          qualifies for the exemption under Section 15-172, the  
16          property is entitled to the exemption under this Section,  
17          limited to the amount of (i) \$4,500 in Cook County or  
18          \$3,500 in all other counties in tax year 2003, (ii) \$5,000  
19          in all counties in tax years 2004 and 2005, or (iii) the  
20          lesser of the amount of the general homestead exemption  
21          under Section 15-175 or an amount equal to the increase in  
22          the equalized assessed value for the current tax year above  
23          the equalized assessed value for 1977 in tax year 2006 and  
24          thereafter.

25          (f) In the case of an apartment building owned and operated  
26          as a cooperative, or as a life care facility, that contains

1 residential units that qualify as homestead property under this  
2 Section, the maximum cumulative exemption amount attributed to  
3 the entire building or facility shall not exceed the sum of the  
4 exemptions calculated for each qualified residential unit. The  
5 cooperative association, management firm, or other person or  
6 entity that manages or controls the cooperative apartment  
7 building or life care facility shall credit the exemption  
8 attributable to each residential unit only to the apportioned  
9 tax liability of the owner or other person responsible for  
10 payment of taxes as to that unit. Any person who willfully  
11 refuses to so credit the exemption is guilty of a Class B  
12 misdemeanor.

13 (g) When married persons maintain separate residences, the  
14 exemption provided under this Section shall be claimed by only  
15 one such person and for only one residence.

16 (h) In the event of a sale or other transfer in ownership  
17 of the homestead property, the exemption under this Section  
18 shall remain in effect for the remainder of the tax year and be  
19 calculated using the same base homestead value in which the  
20 sale or transfer occurs, but (other than for sales or transfers  
21 between spouses or between a parent and a child) shall be  
22 calculated for any subsequent tax year using the new base  
23 homestead value as provided in subdivision (b) (3) (B). ~~The~~  
24 ~~assessor may require the new owner of the property to apply for~~  
25 ~~the exemption in the following year.~~

26 (i) The assessor may determine whether property qualifies

1 as a homestead under this Section by application, visual  
2 inspection, questionnaire, or other reasonable methods. Each  
3 year, at the time the assessment books are certified to the  
4 county clerk by the board of review, the assessor shall furnish  
5 to the county clerk a list of the properties qualified for the  
6 homestead exemption under this Section. The list shall note the  
7 base homestead value of each property to be used in the  
8 calculation of the exemption for the current tax year.

9 (j) In counties with 3,000,000 or more inhabitants, the  
10 provisions of this Section apply as follows:

11 (1) If the general assessment year for the property is  
12 2003, this Section applies for assessment years 2003  
13 through 2011. Thereafter, the provisions of Section 15-175  
14 apply.

15 (2) If the general assessment year for the property is  
16 2004, this Section applies for assessment years 2004  
17 through 2012. Thereafter, the provisions of Section 15-175  
18 apply.

19 (3) If the general assessment year for the property is  
20 2005, this Section applies for assessment years 2005  
21 through 2013. Thereafter, the provisions of Section 15-175  
22 apply.

23 In counties with less than 3,000,000 inhabitants, this  
24 Section applies for assessment years (i) 2009, 2010, 2011, and  
25 2012 if tax year 2008 is the designated base year or (ii) 2010,  
26 2011, 2012, and 2013 if tax year 2009 is the designated base

1 year. Thereafter, the provisions of Section 15-175 apply.

2 (k) To be subject to the provisions of this Section in lieu  
3 of Section 15-175, a county must adopt an ordinance to subject  
4 itself to the provisions of this Section within 6 months after  
5 the effective date of this amendatory Act of the 96th General  
6 Assembly. In a county other than Cook County, the ordinance  
7 must designate either tax year 2008 or tax year 2009 as the  
8 base year.

9 (l) Notwithstanding Sections 6 and 8 of the State Mandates  
10 Act, no reimbursement by the State is required for the  
11 implementation of any mandate created by this Section.

12 (Source: P.A. 95-644, eff. 10-12-07; 96-1418, eff. 8-2-10.)